

Message Text

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ACTION AGR-20

INFO OCT-01 ARA-16 EUR-25 EA-11 IO-14 ISO-00 SAJ-01 SP-03

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DEPARTMENT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR UR

SUBJ: USSR: GRAIN FORECAST AND IMPLICATIONS

1. GRAIN HARVESTING WAS COMPLETED ON MORE THAN 75 PERCENT OF THE AREA BY THE END OF THE FIRST WEEK OF SEPTEMBER. PRELIMINARY SOVIET ESTIMATES HAVE INDICATED AN EXPECTED HARVEST IN THE RANGE OF 207-212 MILLION TONS. ATTACHE BELIEVES THE HARVEST WILL BE LOWER AND ESTIMATES PRODUCTION CLOSER TO THE 200 MILLION TON MARK.

2. CONDITIONS DURING CROP YEAR PRECLUDE ANY POSSIBILITY OF MATCHING
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LAST YEAR'S RECORD HARVEST. WINTER KILL CALCULATED FROM PRELIMINARY

SOWN AREA DATA AMOUNTED TO ABOUT 5.5 MILLION HECTARES. THE SPRING GRAIN AREA WAS LOWER THAN 1973 BUT BARLEY AND CORN AREAS WERE HIGHER. WINTER RYE AREA WAS ALSO GREATER.

3. DELAYED SPRING PLANTING COUPLED WITH COOL AND UNSTABLE WEATHER RESULTED IN UNEVEN RIPENING OF GRAINS. HEAVY RAINS CAUSED LODGING AND ENCOURAGED WEED GROWTH. THE UNSEASONABLE WEATHER DELAYED HARVESTING BY A MINIMUM OF TWO WEEKS AND IN SOME AREAS BY A MONTH.

4. THE MOST SERIOUS SETBACK IN THIS YEAR'S HARVEST WAS IN KAZAKHSTAN AND WEST SIBERIA. WITH A MILD WINTER AND BELOW AVERAGE SNOW COVER FOLLOWED BY AN EARLY SPRING AND ABOVE NORMAL TEMPERATURES, SOIL MOISTURE RESERVES WERE DEPLETED BEFORE THE OPTIMAL SOWING DATE -- USUAL AROUND MAY 20 -- WAS REACHED. SUBSEQUENT UNSTABLE WEATHER FURTHER PROTRACTED SPRING SOWING AND REPORTS INDICATE SEEDING WAS NOT COMPLETED UNTIL THE END OF THE FIRST DECADE IN JUNE. A HOT SUMMER FOLLOWED AND DROUGHT CONDITIONS PREVAILED THROUGHOUT MOST OF KAZAKHSTAN AND PARTS OF WEST SIBERIA. THE RESULT WAS SHORT, SPARSE AND UNEVEN GRAIN GROWTH. IN SOME AREAS, ESPECIALLY IN THE SOUTHERN AND SOUTHEASTERN PARTS OF KAZAKHSTAN, WINTER WHEAT REPORTEDLY YIELDED ONLY FOUR-FIVE CENTNERS PER HECTARE.

5. REPORTS OF DRYNESS IN KAZAKHSTAN HAVE BEEN CONFIRMED BY USDA REPRESENTATIVES VISITING THIS AREA DURING FIELD TRIPS AFTER THE SOILS CONFERENCE IN AUGUST. BASED ON THIS AND OTHER EVIDENCE WE TENTATIVELY ESTIMATE THAT THE GRAIN HARVEST FOR KAZAKHSTAN MAY FALL IN THE RANGE OF 20-22 MILLION TONS-- CLOSER TO THE 1970-71 LEVEL AND DOWN SIGNIFICANTLY FROM THE 29-27 MILLION TONS ACHIEVED IN 1972 AND 1973.

6. THE EVIDENCE OF LATE RIPENING AND HEAVY LODGING IN BELORUSSIA, THE BALTIC STATES AND NORTH AND NORTHWEST RSFSR ALSO SUGGESTS LOWER YIELDS AND EVEN COMPLETE LOSSES IN SOME FIELDS. SUCH ABANDONMENT WOULD PROBABLY SHOW UP IN THE FINAL SOWN AREA DATA. PRELIMINARY OFFICIAL DATA HAVE INDICATED 129.7 MILLION HECTARES SOWN TO GRAIN. WE ARE MORE SKEPTICAL AND WOULD LOWER THIS BY AT LEAST TWO TO 2.5 MILLION HECTARES.

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7. BARRING ADDITIONAL DIFFICULTIES WE ESTIMATE GRAIN YIELDS AT 15.9 CENTNERS PER HECTARE FOR A TOTAL OUTPUT IN THE 200-203 MILLION METRIC TON RANGE. HOWEVER UNDER THE PRESSURE OF TIME AND URGENCY TO COMPLETE FALL FIELD WORK WE WOULD NOT EXCLUDE CONTINUING PROBLEMS AND A LOWER PRODUCTION WOULD BE POSSIBLE.

8. LOOKING AHEAD TO THE 1974-75 CROP YEAR THE SOVIET PRESS HAS ANNOUNCED A PLANNED WINTER GRAIN AREA OF 40 MILLION

HECTARES -- 36 MILLION OF WHICH ARE SLATED TO BE HARVESTED FOR GRAIN. THE TOTAL FALL PLOUGHED AREA IS PLANNED AT 111 MILLION HECTARES, THE SAME AS THAT PLANNED FOR THE 1973/74 CROP YEAR.

9. IMPLICATIONS: UNDER THE ASSUMPTION THAT A 200 MILLION TON HARVEST WILL BE REACHED, WE BELIEVE THAT THE SOVIETS MAY (A) DRAW DOWN EXISTING STOCKS TO MEET GROWING INTERNAL DEMAND RATHER THAN TO IMPORT AT CURRENT HIGH PRICES -- THE EVIDENCE OF HIGHER LIVESTOCK NUMBERS MOREOVER SUGGESTS THAT MORE GRAIN WILL BE HELD ON FARMS THIS YEAR AND PROCUREMENTS WILL DROP SHARPLY FROM THE 90 MILLION TON LEVEL REPORTED IN 1973; (B) LIMIT OR EVEN POSTPONE ANY ADDITIONAL GRAIN AID TO INDIA -- IT IS POSSIBLE HOWEVER THAT A SHIFT TO OTHER COMMODITIES MIGHT DEVELOP AND THE UPCOMING MEETING WITH FOREIGN MINISTER SWAMI SINGH SHOULD GIVE A BETTER INSIGHT TO SOVIET THINKING ON AID; AND (C) DAMPEN EVEN FURTHER THE NEUTRAL INTEREST IN THE WORLD FOOD CONGRESS -- INDEED IT WOULD HARDEN THE OPPOSITION TO CONTRIBUTE TO WORLD FOOD STOCKS.
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